

FISA Foundation

Financial Statements

Years Ended June 30, 2019 and 2018
with Independent Auditor's Report

MaherDuessel

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FISA FOUNDATION

YEARS ENDED JUNE 30, 2019 AND 2018

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Independent Auditor's Report

Board of Directors FISA Foundation

We have audited the accompanying financial statements of FISA Foundation (FISA), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FISA as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Foundation adopted ASU 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*," which amends the requirements for financial statements for nonprofit entities. The amendment changes how nonprofit organizations classify net assets and provide information in its financial statements and notes about its financial performance, cash flow, and liquidity, among other requirements. Our opinion is not modified with respect to this matter.

Maier Duessel

Pittsburgh, Pennsylvania
October 18, 2019

FISA FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
Assets		
Cash	\$ 154,772	\$ 218,761
Investments	40,754,458	40,813,824
Prepaid taxes	-	6,178
Other assets	6,861	5,650
Furniture, fixtures, and equipment - less accumulated depreciation of \$5,100 and \$4,080, respectively	-	1,020
Total Assets	\$ 40,916,091	\$ 41,045,433
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 9,131	\$ 15,214
Grants payable	501,615	141,000
Excise tax payable	6,698	-
Accrued compensation and amounts withheld from compensation	12,446	18,698
Total Liabilities	529,890	174,912
Net Assets:		
Without donor restriction	40,269,152	40,655,185
With donor restriction:		
Time/purpose restriction	-	95,000
Perpetual in nature	117,049	120,336
Total with donor restriction	117,049	215,336
Total Net Assets	40,386,201	40,870,521
Total Liabilities and Net Assets	\$ 40,916,091	\$ 41,045,433

See accompanying notes to financial statements.

FISA FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Net Assets Without Donor Restrictions:		
Revenues, gains, and other support:		
Contributions	\$ 11,008	\$ 16,872
Investment income (loss), net	1,805,029	2,634,481
Net assets released from restrictions	95,000	5,000
Total revenues, gains, and other support	1,911,037	2,656,353
Expenses:		
Program expenses:		
Program grants	1,718,211	1,463,973
Direct charitable expenses	235,092	228,897
Total program expenses	1,953,303	1,692,870
Management and general expenses:		
Salaries, wages, and benefits	127,753	123,429
Office operations	118,917	116,988
Insurance	5,148	4,995
Legal and professional	31,808	46,086
Depreciation	1,020	1,020
Excise tax	32,866	18,861
Other expenses	15,390	18,767
Total management and general expenses	332,902	330,146
Total expenses	2,286,205	2,023,016
Excess (Deficiency) of Revenues, Gains, and Other Support Over Expenses	(375,168)	633,337
Discontinued operations revenues (expenses):		
Other	(10,865)	(37,020)
Change in Net Assets Without Donor Restrictions	(386,033)	596,317
Net Assets With Donor Restrictions (Time or Purpose):		
Contributions	-	100,000
Net assets released from restriction	(95,000)	(5,000)
Change in Net Assets With Donor Restrictions (Time or Purpose)	(95,000)	95,000
Net Assets With Donor Restrictions (Perpetual in Nature):		
Contributions	-	120,336
Investment income (loss)	(3,287)	-
Change in Net Assets With Donor Restrictions (Perpetual in Nature)	(3,287)	120,336
Change in Net Assets	(484,320)	811,653
Net Assets:		
Beginning of year	40,870,521	40,058,868
End of year	\$ 40,386,201	\$ 40,870,521

See accompanying notes to financial statements.

FISA FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Change in net assets	\$ (484,320)	\$ 811,653
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,020	1,020
Net (appreciation) depreciation of investments	(150,800)	(740,194)
Change in:		
Prepaid taxes	6,178	3,861
Other assets	(1,211)	(876)
Accounts payable and accrued compensation	(12,335)	(3,522)
Grants payable	360,615	(95,625)
Excise tax payable	6,698	-
Total adjustments	210,165	(835,336)
Net cash provided by (used in) operating activities	(274,155)	(23,683)
Cash Flows From Investing Activities:		
Purchase of investments	(2,609,824)	(4,072,852)
Proceeds from sale of investments	2,819,990	4,128,812
Net cash provided by (used in) investing activities	210,166	55,960
Net Increase (Decrease) in Cash	(63,989)	32,277
Cash:		
Beginning of year	218,761	186,484
End of year	\$ 154,772	\$ 218,761
Supplemental Information:		
Excise tax paid	\$ 20,150	\$ 15,000
Unrelated business income tax paid	\$ 1,000	\$ -

See accompanying notes to financial statements.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

1. Organization and Summary of Accounting Policies

Organization

FISA Foundation (FISA) is a private non-operating foundation whose principal activity is awarding charitable grants to nonprofit organizations in southwestern Pennsylvania. Its mission is to build a culture of respect and improve the quality of life for three populations: women, girls, and people with disabilities. FISA envisions a community where these three populations reach their full potential, are safe and healthy, and participate fully in community life, thus enriching their own lives and those of others.

Since 1911, FISA Foundation and its predecessors, Harmarville Convalescent Home for Women and Harmarville Rehabilitation Center, have focused on addressing important but overlooked issues affecting the lives of its target populations. Over the intervening century, FISA's mission has remained consistent, but the nature of its activities has evolved to meet changing needs. Initially the organization provided direct services, and today it provides financial support for a network of nonprofit organizations that benefit women, girls, and people with disabilities.

FISA strives to raise awareness and promote positive systemic change. Besides grantmaking, FISA furthers its mission through a variety of other activities. The most significant of these activities include:

- Leading programs like Southwest PA Says No More, a regional effort to address gender-based violence. This collaboration with United Way of Southwest PA and other nonprofits and funders seeks to build community leadership to prevent sexual assault and domestic violence.
- Providing leadership and administrative support for periodic events and programs, including co-producing *ReelAbilities*, a disability-themed film festival.
- Convening and participating in workgroups to address strategic issues and gaps in service.

With its exclusive focus on three underserved and under-funded populations, FISA provides effective community leadership on issues related to women, girls, and people with disabilities.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. FISA's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of FISA and changes therein are reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions

Time/Purpose Restrictions – Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of FISA pursuant to those stipulations. At June 30, 2019, FISA had no net assets with donor restrictions for purpose restrictions, having released the \$95,000 balance from June 30, 2018, restricted to be spent on individuals with disabilities in Southwestern Pennsylvania. During 2018, FISA received a donor restricted contribution of \$100,000 and released \$5,000 of that amount.

Perpetual in Nature – Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of FISA. FISA's permanently restricted net assets includes FISA's portion of funds held in a perpetual trust.

Cash

Cash consists of demand deposits held in financial institutions.

Investments

Investments in equity securities and investments in debt securities are stated at fair value based on quoted market prices within active markets. Private equity and hedge funds are also carried at fair value as described in Note 2. The cost assigned to investments received by gift is the fair value at the date the gift is received. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues, gains, and other support. Net realized gains/losses are determined using the specific identification method.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

In accordance with Internal Revenue Service regulations, FISA is generally required to distribute at least 5% of its investable assets each year. After considering the long-term expected return on its investment assets and the possible effect of inflation, FISA's Board of Directors has established a policy of spending only the required 5% of investable assets annually. FISA's investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Funds are invested in a well-diversified asset mix, which includes primarily equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, FISA expects its investment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total investment portfolio, investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Furniture, Fixtures, and Equipment

Office furniture, fixtures, and equipment over \$5,000 are recorded at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets.

Grants Payable

Grants payable represents all unconditional grants that have been authorized prior to year-end but remain unpaid as of the statements of financial position date. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at June 30, 2019 and 2018.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Income Taxes

FISA was incorporated in 1913 as a nonprofit corporation. FISA became subject to tax treatment as a private foundation beginning July 1, 2001, as it no longer qualified as a publicly supported organization. As a private foundation, FISA is qualified as a private, non-operating foundation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. FISA is obligated to pay federal excise tax on net investment income. In addition, FISA is obligated to pay income taxes on its unrelated business income, if any. Further, FISA annually files a Form 990PF and, as needed, a Form 990T.

Risks and Uncertainties

Financial instruments, which potentially expose FISA to concentrations of credit risk, include cash and investments in marketable securities. As a matter of policy, FISA maintains cash balances only with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of financial position.

Presentation of Expenses on the Statements of Activities

The costs of providing the various programs and other activities have been allocated between program (grants and direct charitable) and management and general expenses in the accompanying statements of activities based on management's estimates of the time and effort devoted to each activity. Program grants and direct charitable expenses are charitable costs, expended for the benefit of others. Direct charitable expenses included on the statements of activities include allocated salary and benefits for direct charitable expenses and other employment costs totaling \$235,092 and \$228,897 in 2019 and 2018, respectively. Management and general expenses relate to administrative operational costs.

Discontinued Operations

The Discontinued Operations referenced in the statements of activities represent cash payments made by FISA that relate to discontinued operations assumed by FISA from the

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

sale of the Center and are considered to be disbursements for charitable purposes pursuant to its private ruling letter.

Adopted Pronouncement

The requirement of the following Financial Accounting Standards Board (FASB) Statement was adopted for the financial statements:

For the year ended June 30, 2019, the Foundation adopted ASU 2016-14 *“Not for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* which aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The implementation of this standard was applied retrospectively to the comparative amounts presented for the year ended June 30, 2018.

Beginning net assets for 2019 and 2018 that were previously reported as unrestricted have been reflected as net assets without donor restriction. Beginning net assets for 2019 and 2018 that were previously reported as temporarily restricted and permanently restricted have been reflected as net assets with donor restriction.

Pending Pronouncements

FASB has issued statements that will become effective in future years as outlined below. Management has not yet determined the impact of these statements on the financial statements.

ASU 2016-02, *“Leases (Topic 842),”* is effective for FISA’s financial statements for the year ending June 30, 2021. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958),”* is effective for the financial statements for the year ending June 30, 2020. This amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Investments

Investments consisted of the following at June 30, 2019 and 2018:

	2019	2018
	<u>Fair Value</u>	<u>Fair Value</u>
Money market accounts	\$ 489,435	\$ 455,215
Private equity funds	2,891,959	2,788,584
Fixed income mutual funds	6,874,589	7,749,045
Equity mutual funds	26,188,774	25,525,155
Offshore hedge funds	4,192,652	4,175,489
Other	117,049	120,336
	<u>\$ 40,754,458</u>	<u>\$ 40,813,824</u>

Investment income consisted of the following for the years ended June 30, 2019 and 2018:

	2019	2018
Dividend and interest income	\$ 1,368,012	\$ 1,216,370
Unrealized/realized gains (losses)	611,109	1,602,026
	1,979,121	2,818,396
Less: investment expenses	(177,379)	(183,915)
Investment income, net	<u>\$ 1,801,742</u>	<u>\$ 2,634,481</u>

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that the observable inputs be used when available. Investments whose values are based on quoted market prices in active markets are classified within Level 1. Investments determined by reference to quoted prices for similar investments in active markets are classified within Level 2. Investments

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YEARS ENDED JUNE 30, 2019 AND 2018

classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all.

FISA reports investments at fair value in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, the organization reports hedge and private equity funds using the net asset value per share as determined by investment managers under the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the organization to classify these financial instruments into a three-level hierarchy, based upon priority of inputs to the valuation technique or in accordance with the net asset value practical expedient rule.

Determination of Fair Value

FISA measures fair value based upon market price, where available. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these instruments. Fixed income and equity mutual funds are valued at fair value, which are the amounts reported in the statements of financial position, based on quoted market prices for identical securities in active markets that FISA has the ability to access at the measurement date.

FISA’s investment in private equity funds is accomplished by investment in various limited partnerships or multi-fund pools that are very long lived (often more than 10 years) and illiquid. Limited partnerships are valued at fair value, which are the amounts reported in the statements of financial position, based on the net asset value per share of the fund at June 30, 2019 and 2018. The valuation of each fund is based upon the compilation of the prices from each underlying private equity investment. For the limited partnerships, fair value is based on the best information available and is determined by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public or private transactions, valuations for publicly-traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. Upon completion of the fund valuation, FISA’s quarterly individual investor valuations are based upon their ownership share of each pool. Per the terms of the limited partnership agreements, FISA cannot withdraw funds or

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

sell funds until the limited partnership liquidates. Liquidation is not expected in the near-term.

Offshore hedge funds include investments in multi-fund pools that are commonly referred to as “fund of funds.” The underlying hedge fund manager invests in marketable securities that trade in well-established and highly-liquid markets (stocks, bonds, futures, options, etc.). The objective of these investments is to realize long-term total return by investing in a diversified group of pooled investment vehicles. The offshore hedge funds are valued at fair value, which are the amounts reported in the statements of financial position, based on the net asset value per share of the fund at June 30, 2019 and 2018. The valuation of each fund is based upon the compilation of the prices from each underlying hedge fund administrator. Upon completion of the fund valuation, FISA’s monthly individual investor valuations are based upon their ownership share of each pool. Individual hedge funds typically have provisions in their partnership agreements that restrict investors from liquidating their investments for some period of time. After this “lock-up” period has been satisfied, these funds offer quarterly liquidity with advance notice (anywhere from 30 to 90 days). Liquidation is not expected in the near-term.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

The following table summarizes investments by fair value measurement categories as of June 30, 2019:

	Total	Level 1	Level 2	Level 3
Money market accounts	\$ 489,435	\$ 489,435	\$ -	\$ -
Fixed income mutual funds:				
Investment grade bonds	3,877,734	3,877,734	-	-
Treasury inflation protected securities	1,409,078	1,409,078	-	-
Fixed income opportunity	1,587,777	1,587,777	-	-
Total fixed income mutual funds	<u>6,874,589</u>	<u>6,874,589</u>	-	-
Equity mutual funds:				
U.S. large/mid cap value	6,966,896	6,966,896	-	-
U.S. large/mid cap growth	6,933,928	6,933,928	-	-
U.S. small cap	595,398	595,398	-	-
Non-U.S. developed markets	7,454,540	7,454,540	-	-
Non-U.S. emerging markets	3,711,772	3,711,772	-	-
Commodities and real estate	526,240	526,240	-	-
Total equity mutual funds	<u>26,188,774</u>	<u>26,188,774</u>	-	-
Other Investments	<u>117,049</u>	-	-	<u>117,049</u>
Total assets in fair value hierarchy	<u>33,669,847</u>	<u>\$ 33,552,798</u>	<u>\$ -</u>	<u>\$ 117,049</u>
Investments measured at net asset value:				
Private equity funds	2,891,959			
Equity hedge funds	<u>4,192,652</u>			
Total investments at fair value	<u>\$ 40,754,458</u>			

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

The following table summarizes investments by fair value measurement categories as of June 30, 2018:

	Total	Level 1	Level 2	Level 3
Money market accounts	\$ 455,215	\$ 455,215	\$ -	\$ -
Fixed income mutual funds:				
Investment grade bonds	4,579,396	4,579,396	-	-
Treasury inflation protected securities	1,531,283	1,531,283	-	-
Fixed income opportunity	1,638,366	1,638,366	-	-
Total fixed income mutual funds	<u>7,749,045</u>	<u>7,749,045</u>	-	-
Equity mutual funds:				
U.S. large/mid cap value	4,182,056	4,182,056	-	-
U.S. large/mid cap growth	5,184,068	5,184,068	-	-
U.S. small cap	569,896	569,896	-	-
Non-U.S. developed markets	8,819,136	8,819,136	-	-
Non-U.S. emerging markets	3,984,184	3,984,184	-	-
Commodities and real estate	2,785,815	2,785,815	-	-
Total equity mutual funds	<u>25,525,155</u>	<u>25,525,155</u>	-	-
Other Investments	<u>120,336</u>	-	-	<u>120,336</u>
Total assets in fair value hierarchy	<u>33,849,751</u>	<u>\$ 33,729,415</u>	<u>\$ -</u>	<u>\$ 120,336</u>
Investments measured at net asset value:				
Private equity funds	2,788,584			
Equity hedge funds	4,175,489			
Total investments at fair value	<u>\$ 40,813,824</u>			

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NOTES TO FINANCIAL STATEMENTS

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3. Private Equity Capital Commitments

FISA has entered into agreements to commit capital into various private equity funds. The callable capital can be requested at any time by the fund. The remaining capital commitments as of June 30, 2019 are estimated as follows:

	Amount Committed	Amount Drawn	Amount Distributed	Remaining Capital Commitment
Hirtle Callaghan Private Equity Fund V	400,000	342,864	355,244	-
Hirtle Callaghan Private Equity Fund VI	1,100,000	980,480	983,955	119,520
Hirtle Callaghan Private Equity Fund VII	1,175,000	927,554	944,141	247,446
Hirtle Callaghan Private Equity Fund VIII	130,000	115,394	99,835	14,606
Hirtle Callaghan Private Equity Fund IX	1,000,000	824,897	336,628	175,103
Hirtle Callaghan Private Equity Fund X	1,000,000	716,530	50,268	283,470
Hirtle Callaghan Private Equity Fund XI	1,200,000	33,747	10,816	862,253
Hirtle Callaghan Private Equity Fund XII	2,100,000	-	-	2,100,000
	<u>\$ 8,105,000</u>	<u>\$ 3,941,466</u>	<u>\$ 2,780,887</u>	<u>\$ 3,802,398</u>

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NOTES TO FINANCIAL STATEMENTS

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4. Endowment Assets

The endowment assets used by FISA to provide income for the maintenance and granting activities is comprised of the various investments held by FISA. During 2019 and 2018, FISA had the following endowment-related investment activities:

	<u>2019</u>	<u>2018</u>
Investment return on endowment assets:		
Interest and dividends	\$ 1,368,012	\$ 1,216,370
Unrealized gains (losses)	150,800	740,194
Realized gains (losses)	460,309	861,832
Investment fees	<u>(177,379)</u>	<u>(183,915)</u>
Total investment return on endowment assets	1,801,742	2,634,481
Transfers out of endowment	<u>(1,861,108)</u>	<u>(1,950,247)</u>
Total change in endowment funds	(59,366)	684,234
Endowment Investment Funds:		
Beginning of year	<u>40,813,824</u>	<u>40,129,590</u>
End of year	<u>\$ 40,754,458</u>	<u>\$ 40,813,824</u>

5. Grants Payable

FISA has made unconditional promises to give to other organizations the amounts of \$501,615 and \$141,000 at June 30, 2019 and 2018, respectively. These amounts are reflected on the statements of financial position as grants payable. Of the total grants payable at June 30, 2019, amounts will be paid as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2020	\$ 369,115
2021	<u>132,500</u>
	<u>\$ 501,615</u>

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NOTES TO FINANCIAL STATEMENTS

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6. Leases

During fiscal year 2013, FISA entered into a ten-year lease for building and office space for its operations and administration. The term of the lease is for the period April 1, 2013 through March 31, 2023. Future minimum lease payments at June 30, 2019 are as follows:

Year Ending June 30,	Amount
2020	\$ 45,075
2021	45,075
2022	45,075
2023	<u>33,806</u>
Total	<u>\$ 169,031</u>

Lease payments for the years ended June 30, 2019 and 2018 were \$45,075.

7. Related Party Transactions

During 2019 and 2018, certain grants were awarded to grantee organizations with which certain members of the Board of Directors (Board) of FISA are also affiliated as board members. Pursuant to the policies and practices of FISA, the Board was informed about the dual affiliations before voting and the conflicted Board members abstained from voting on those grants.

8. Liquidity and Availability

The Foundation manages its liquid resources by focusing on investment efforts, through an endowment fund, to ensure the entity has adequate investment returns to cover the grants that are being distributed and direct charitable efforts of the Foundation. In accordance with FISA's spending policy, as described in Note 1, they have established a policy of spending only the required 5% of investment assets annually. However, investments are available to be spent, if necessary. Included in the endowment is a portion of donor-restricted funds that are not available for general use. The Foundation prepares detailed budgets and has been very active in fiscal management to ensure the entity remains liquid.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following cash and investments:

Financial assets, at year-end	\$ 40,909,230
Donor-imposed restrictions:	
Investments held in perpetuity	<u>(117,049)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 40,792,181</u>